



May 19, 2004

Honorable Mayor, City Council, Planning Board
City of Greensboro
Greensboro, North Carolina

Ladies and Gentlemen:

I am pleased to present to you the FY 2004-2010 Recommended Capital Improvements Program (CIP), totaling \$473,927,771. This document will serve as a valuable planning tool in helping the City address its capital and infrastructure needs over the next six years.

In the development of this CIP, both Citizens and City Departments submitted capital project requests. This year, nine projects were reviewed for funding through the Neighborhood Projects Program. These projects, requested by Neighborhood Organizations throughout the city, totaled over \$150,000. A committee comprised of staff from multiple City departments as well as citizen representatives evaluated the requests and made funding recommendations. Information on individual projects can be found in a separate section of this document.

Approved referendum projects included in the FY 2004 - 2010 Recommended CIP include various street improvements, two additional fire stations, continued funding for Southside and East Market Street efforts, and enhancements to Greensboro Parks and Recreation facilities. These enhancements include the implementation of the Barber Park master plan, the Gateway Garden and improvements at various Recreation Centers.

Environmental Protection, specifically Water Resources, continues to be an area of emphasis in this CIP. While great strides have been made in recent years to address the City's water shortage issues, continued funding of the Water Resources capital program is necessary to upgrade the aging water and sewer infrastructure in the city, to fund system expansion, and to enable water treatment plants to meet increasingly stringent standards. The FY 2004-2010 CIP includes \$222.4 million in Water Resources projects, comprising 47 percent of the total CIP.

Transportation and Culture and Recreation are the other leading areas in the Recommended CIP. With projects totaling \$105.8 million programmed over the next six years, Transportation spending makes up 22 percent of the overall CIP. Culture and Recreation projects make up 17 percent of Capital spending with \$79.7 million in capital projects planned through FY 2009-2010. Most of the projects in these program areas are funded through General Obligation Bonds.

Funding of projects through the use of General Fund capital reserves has been eliminated in the first two years of this CIP. Council policy requires that the City maintain a minimum balance of \$10 million in the Capital Reserve Fund. This fund has recently dropped below that level as a result of extraordinary events, such as severe storm clean up costs, in recent years. Nearly \$3 million of Capital Reserve funds have been programmed in FY 2006-2007 through FY 2009-2010.

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The Recommended CIP also contains \$86.1 million of projects to be funded through Unauthorized Bonds. This funding must come from either a voter-approved bond referendum or bonds that are sold based on the amount of debt service retired in the previous year, also known as two-thirds bonds. These projects consist primarily of the implementation of Phase 2 of the Parks and Recreation Master Plan and a variety of Fire Station projects, including the replacement of several outdated stations and planned expansion for new stations.

On behalf of City employees, I thank you for your continued guidance and support of our planning efforts to prepare the City of Greensboro for the capital and infrastructure needs of tomorrow.

Respectfully,

A handwritten signature in black ink, appearing to read 'J. Kitchen', with a long horizontal flourish extending to the right.

J. Edward Kitchen
City Manager

FY 2004 – 2010 Capital Improvements Program

Introduction

The Capital Improvements Program, or CIP, is a financing and construction/acquisition plan for projects that require significant capital investment. The CIP, which is updated annually and submitted to and adopted by City Council, specifies and describes the City's capital project schedules and priorities for the six years immediately following Council adoption.

For each capital project, the CIP includes a variety of information, including a project description and the service need it addresses, a proposed timetable, proposed funding levels and sources and, if applicable, estimated ongoing operating costs. For projects already underway, the description also notes the remaining portion of the project's budget.

Generally, capital improvements projects consist of purchasing, constructing or renovating structures and/or acquiring land that have a total cost of at least \$100,000 and an estimated useful life of at least ten years. Common CIP projects include new or improved sidewalks, roads, neighborhood renewal projects and new city facilities, such as recreation centers, fire stations and water treatment facilities.

Some major maintenance projects, such as street resurfacing or placing a new roof on a building, are generally not included in the CIP. Although these projects meet the cost and useful life criteria for a CIP project, they often do not result in a new structure or a structure materially altered in design or size. Instead, these projects are periodically necessary to keep particular structures or facilities operating properly.

CIP Preparation

Along with their annual operating budget requests, City departments submit capital projects for consideration and inclusion in the CIP. These requests are reviewed by staff from the City Manager's Office and the Budget & Evaluation Department.

A Preliminary CIP is presented to the City Council and the Planning Board as part of the annual budget review. A Final CIP is presented to the City Council in June and is adopted concurrently with the Annual Operating Budget.

Neighborhood organizations are invited to submit projects for consideration in the Capital Improvements Program. Submissions are forwarded to the appropriate City department(s) to determine if they are feasible and to see that they are not contrary to current City policies. The projects are then reviewed by an Interdepartmental Team consisting of representatives from several City departments as well as citizen representatives. The recommendations and comments returned by the review team are sent to the requesting organization and presented to the City Council and Planning Board during the annual budget review. Citizens are encouraged to attend the annual budget public hearing to discuss their requests directly and in detail with City Council and City staff.

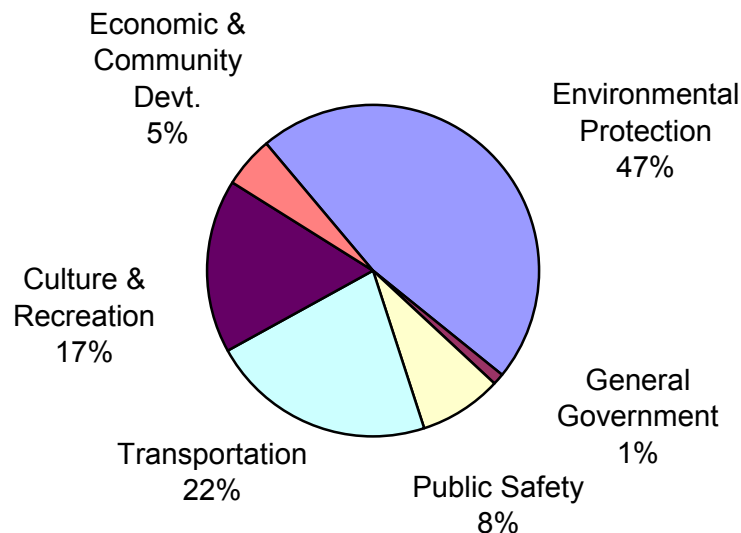
Relationship to the Annual Operating Budget

Some CIP projects are funded through annual operating funds, such as the General Fund (Capital Reserve Fund) and the Water Resources Fund. In these cases, the CIP and the Annual Operating Budget are directly linked as CIP projects become authorized through the adoption of the Annual Operating Budget. Projects funded through debt financing (typically voter authorized bonds) also impact the operating budget through ongoing debt service expense. Finally, some completed CIP projects will directly impact the operating budget in that they will require ongoing expenses for staff and other operating costs. Fire stations and recreation facilities are good examples.

Expenditure Overview

The 2004-2010 Capital Improvements Program (CIP) totals **\$473,927,771**. This is about 31 percent, or approximately \$111.98 million, more than the adopted 2003-2009 CIP total of \$361,943,395.

Expenditures By Service Area



Highlights

As Greensboro prepares for the present and future challenges of water quality and availability and safe refuse disposal, Environmental Protection remains a principal focus of the City's long-term capital planning. Total estimated expenses for Environmental Protection projects are \$222.4 million, or 47 percent of the total CIP. This is an increase of \$71.3 million over the funding level adopted last year. Major projects include replacement of the Reedy Fork Lift Station; upgrades to the North Buffalo Sewer System, as well as the continued rehabilitation of other sanitary sewer lines; upgrades to

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the T. Z. Osborne and North Buffalo Wastewater Treatment Plants; and the Randleman Dam Feeder Main Construction. This Service area also includes increased funding for Stormwater projects, which will be funded through both enterprise funds and revenue bonds.

Funding for Public Safety projects, which accounts for nearly 8 percent of the recommended CIP, increased by approximately \$6.8 million over the previous year. Public Safety additions to the CIP include several Fire Stations, both for replacement of aging current locations and in anticipation of service expansion. Renovations to the second floor of the District I Police Substation are also included.

Despite having nearly \$5 million less programmed for Transportation in this CIP, it remains the second largest Service Area in the document. At \$105.8 million, the Transportation category accounts for 22 percent of the total project funding. The Greensboro Department of Transportation (GDOT) has identified a comprehensive and balanced list of transportation projects that are necessary to continue to prepare Greensboro for the 21st century and to ensure that Greensboro maintains an effective multi-modal transportation system for all citizens.

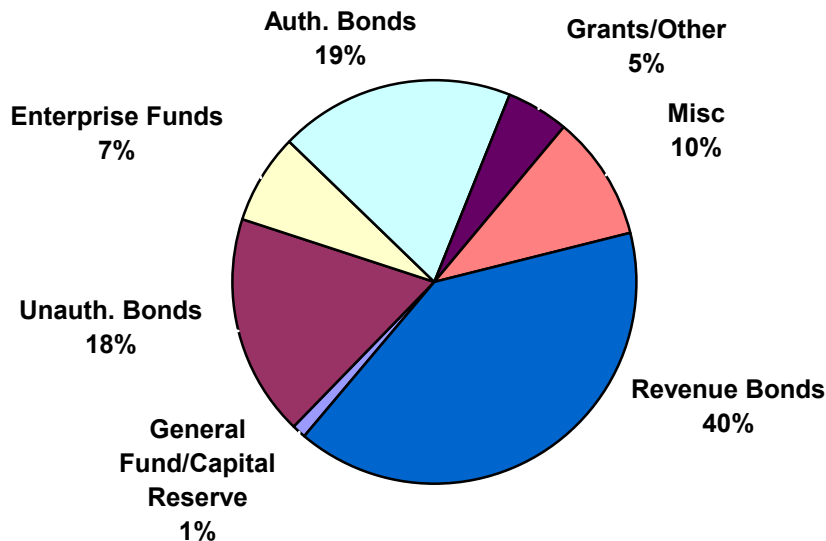
Immediate projects for FY 2004-2005 include improvements to East Market Street, Friendly Avenue, Elm-Eugene Street, Franklin Boulevard, and Wendover Avenue.

With an increase of \$37.9 million over the previous year, Culture and Recreation projects make up 17 percent of the total CIP. The Parks and Recreation Master Plan is the primary focus driving implementation of P&R projects included in the CIP. Projects scheduled include replacement of the Barber Park Tennis Pavilion Roof, a new Southwest Recreation Center, and connector trails between City parks. Library projects programmed in this service area include the construction of the McGirt-Horton Library and the expansion of the Benjamin Branch Library. Both projects are scheduled to begin in FY 2006-2007.

Funding Overview

The Capital Improvements Program relies on a variety of funding sources to accomplish its many efforts. These include general revenues, enterprise fund revenues, debt financing, state shared revenues and grants from the state government, federal government or private sources.

Funding Sources



Highlights

As noted in the Expenditure Highlights Section, the City will undertake a variety of projects in the Environmental Protection Program Area during the next six years. Most of these projects will initially be funded through Enterprise Funds and Revenue Bonds, with the resulting debt payments supported through revenues generated by these business type operations (Water and Sewer Services and Storm Water Services). Combined, Revenue Bonds and Enterprise Funds constitute the largest source of funds in the proposed CIP, at \$224.9 million. This accounts for almost 47 percent of the total CIP and represents a \$72.3 million increase in the funding categories from last year.

The Unauthorized Bond funding category is 18 percent of the total CIP and increased by \$52.8 million from the previous year. Approximately \$86.1 million are tentatively included as unauthorized bonds (i.e., future bond referendum) for Public Safety and Culture & Recreation projects.

As construction continues on projects approved as part of the 2000 bond referendum, funding from Authorized Bonds is continuing to decrease. This funding category, which makes up 19 percent of the recommended CIP, dropped by over \$17 million from last year. Authorized bonds are used to fund projects in the areas of Public Safety, Transportation, Culture and Recreation, General Government, and Economic and Community Development.

Grant revenue plays a role in funding capital projects in several program areas. This includes community contributions, support for Community Development efforts (HOME, CDBG) and Transit projects. The revenue category totals 5 percent of the CIP.

Capital Improvements Program Calendar

<u>DATE</u>	<u>ACTIVITY</u>
November 21	Planning Board sends out CIP package to community groups for project suggestions.
December 17	Instructions on CIP procedures and preparation of CIP project requests are sent to Departments.
January 9	Deadline for citizen project requests to be considered in the current CIP. Departments complete CIP requests.
February 13	Deadline for Departments to submit projects to Budget & Evaluation
February 16 – May 3	Budget and Evaluation reviews all capital improvements project requests and prepares recommendations for funding. CIP is reviewed by City Manager's Office.
March 10	Citizen projects reviewed by City Departments and citizen reviewers.
April 21	Planning Board holds a public hearing to receive public comments regarding citizen requests.
May 19	The Capital Improvements Program is presented to Planning Board.
June 1	The Capital Improvements Program is presented to City Council.
June 22	City Council adopts the Annual Budget Ordinance concurrently with the six-year CIP.

Capital Improvements Program
FY 2004 - 2010

CAPITAL IMPROVEMENTS PROGRAM SUMMARY

EXPENDITURES	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	TOTAL
Public Safety	1,382,600	3,582,100	4,788,100	12,058,700	9,918,600	7,108,800	38,838,900
Transportation	22,251,540	22,503,185	26,776,087	15,080,500	13,603,864	5,600,000	105,815,176
Economic & Community Devt	7,600,000	5,956,000	5,050,000	1,700,000	2,850,000	1,400,000	24,556,000
Environmental Protection	43,126,000	29,267,000	26,970,000	45,040,000	43,215,000	34,775,000	222,393,000
Culture & Recreation	4,347,650	4,279,720	15,156,650	23,498,635	21,916,550	10,475,000	79,674,205
General Govt	0	2,650,490	0	0	0	0	2,650,490
TOTAL	78,707,790	68,238,495	78,740,837	97,377,835	91,504,014	59,358,800	473,927,771

Funding Sources	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	TOTAL
General Fund	0	0	943,500	1,015,000	452,000	475,000	2,885,500
Enterprise Funds	5,700,000	5,235,000	5,475,000	5,250,000	5,450,000	7,500,000	34,610,000
Street and Sidewalk Funds	1,200,000	1,400,000	1,400,000	1,300,000	1,200,000	1,200,000	7,700,000
Powell Bill/ State Funds	9,628,900	11,145,000	9,105,000	4,000,000	4,000,000	2,000,000	39,878,900
Authorized Bonds	15,620,290	19,281,395	23,941,237	11,120,700	17,402,414	3,416,000	90,782,036
Unauthorized Bonds	922,600	1,664,100	11,881,100	31,952,135	23,584,600	16,092,800	86,097,335
Revenue Bonds	38,126,000	24,457,000	22,220,000	40,290,000	37,965,000	27,275,000	190,333,000
Grants/Other	7,510,000	5,056,000	3,775,000	2,450,000	1,450,000	1,400,000	21,641,000
TOTAL	78,707,790	68,238,495	78,740,837	97,377,835	91,504,014	59,358,800	473,927,771